



Date: January 21, 2005

To: CEO's of all PACE Organizations

From: Patricia Smith, Director, Medicare Advantage Group
Laurence Wilson, Director, Chronic Care Policy Group

Subject: Guidance for PACE Organizations on how to comply with requirements established in the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) relating to the Medicare prescription drug benefit.

The guidance in this memo applies to both current PACE organizations with an effective State and CMS program agreement and to all PACE organizations that anticipate having an effective program agreement by January 1, 2006. This transitional guidance will not apply to those PACE organizations entering into Program Agreements beyond January 1, 2006 as these agreements will be revised to reflect all relevant Part D information.

In addition to this memo, CMS will provide a timeline of Part D related deadlines specific to PACE organizations in late January via the CMS PACE listserve. CMS will also provide detailed information to PACE organizations describing the Part d/PACE payment methodology and a comprehensive listing of Part D requirements that will be waived on behalf of PACE organizations.

Regulation Reference

The Medicare prescription drug benefit (referred to hereafter as Medicare Part D) was enacted in Title I of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) (Pub.L.108-173) on December 8, 2003. Medicare Part D coverage will become effective January 1, 2006. The MMA did not amend the PACE statute located in sections 1894 and 1934 of the Social Security Act (Act). As a result, the requirements of both Title I of the MMA and sections 1894 and 1934 of the Act were considered in implementing Medicare Part D on behalf of PACE organizations. On August 3, 2004, CMS published Proposed Rules applicable to PACE organizations under Subpart T of the Federal Register, vol. 69, No. 148. Final Medicare Part D regulations were published on January 21, 2005 and are codified in 42CFR 422.

Effective Dates of New Rules

The final regulations generally will be effective 60 days after publication. Consistent with the law, the new regulation will require PACE organizations providing Medicare Part D prescription drug coverage to their eligible enrollees to meet the new rules beginning January 1, 2006.

Note: The PACE Medicaid capitation rate will be adjusted to reflect the changes in Medicaid pharmacy costs resulting from the MMA. CMS will be working with each State to calculate and approve this rate change.

Information to Be Submitted By All Transitioning Organizations:

In order for a PACE organization to transition into providing Medicare Part D coverage to eligible enrollees, information must be submitted by each organization according to established timelines. An organization will be requested to submit three pieces of information to CMS:

1. Signed Transition Attestation, due by March 23, 2005 (see Enclosure A). This attestation indicates an organization's intent to provide Medicare Part D coverage to eligible enrollees, and thus transition to 2006 requirements.

Note: Organizations with PACE applications in process that anticipate approval by January 1, 2006 must also submit the signed attestation.

The return of the attestation will allow CMS to set up the mechanisms and automated systems to transition organizations, including processing of the Part D bid and payment for Medicare Part D coverage.

2. Signed Business Integrity Attestation, due by March 23, 2005 (see Enclosure B). An attestation as to the organization's involvement over the past three years in any investigations, legal actions or arbitrations brought by a state or federal government agency relating to payments for healthcare and/or prescription drug services. CMS will provide the attestation shortly.
3. A Part D submission by June 6, 2005. Draft bid forms are posted at <http://www.cms.hhs.gov/medicarereform>. The final forms will be released in early 2005.

Who Must Submit Information

All current PACE organizations and organizations with PACE applications in process must submit the attestation as the first step in the transition from the current Medicare/Medicaid drug benefit to the Medicare Part D benefit.

The Transition Process

CMS will review and process the attestations. During the transition process, CMS will review and evaluate the necessary materials. By September of 2005, CMS will forward a Medicare Part D addendum to the PACE program agreement to the CEO of each PACE organization for signature. The addendum will be countersigned by CMS following receipt of the signed attestations and an acceptable bid. CMS may request additional information or conduct further reviews during the process as necessary.

Health Plan Management System (HPMS) Contact Information

CMS will communicate via HPMS and emails to the PACE organization's contact person listed in HPMS. All CMS communication about the transition will be done using the contact information that PACE organizations provide in HPMS. The following information must be up to date: name of PACE organization, PACE contact, mailing address, e-mail address, telephone number and fax number. These must be in the system no later than **March 10, 2005**. Since PACE organizations currently only use HPMS for quality monitoring purposes, there will be additional instructions for PACE organizations at the MA Industry training during the week of January 24th. User ID's will continue to be used. Thus, no new user ID's will need to be authorized.

Where to Send Information

1. Please send signed attestations (with a copy to your PACE plan manager*) to:

Centers for Medicare & Medicaid Services
Attn: PACE/MMA Transition – Alisa Stapleton
Media Center
7500 Security Boulevard
Baltimore, MD 21244

*Your plan manager's name is located on your application approval letter. However, if you have any difficulty locating this information, please call Joe Lipsky at: 410-786-7624.

2. Please refer to the following web site for information regarding bid submission materials: <http://www.cms.hhs.gov/healthplans>.

Additional Guidelines and Information

To simplify the transition process to Part D prescription drug coverage, we will issue specific guidelines regarding all required submission of information via the CMS PACE listserve. If you are not a member of this listserve distribution list, please reply to Beth Lloyd at blloyd@cms.hhs.gov with your request for inclusion and your email address.

CMS is committed to working with our current PACE organizations and prospective PACE organizations. If the above web sites cannot address your questions or concerns, please contact Brenda Hudson at 410-786-4085, bhudson@cms.hhs.gov or Sandra Bastinelli at 410-786-3630, sbastinelli@cms.hhs.gov.

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Enclosure A

Attestation of PACE Compliance for Medicare Part D Requirements

Part D

I understand that Section 1860-21 of the Social Security Act requires my organization to offer Medicare Part D benefits under 42 CFR Part 460 and Part 423. Further, I understand that my organization is required to offer Part D benefits and successfully complete the bidding process.

I agree that CMS may inspect any and all information necessary including inspections at the premises of the PACE organization to ensure compliance with stated Federal requirements including specific provisions for which I have attested. I further agree to immediately notify CMS if despite this attestation, I become aware of circumstances which preclude full compliance by January 1, 2006 with the requirements indicated above. I also agree to comply with all Part D requirements applicable to PACE organizations, including the submission of prescription drug data elements.

Name of Organization: _____

Printed Name of CEO: _____

Signature: _____ Date: _____

PACE Program Agreement Number: H# _____

NOTE:

This attestation form must be signed by any PACE organizations that intend to contract with CMS on January 1, 2006.

Enclosure B

PACE Business Integrity - Attestation That, Over the Past Three Years, Neither Organization, its Parent (if Applicable) Nor its Subcontractors Have Been Involved in Any Investigations, Legal Actions or Arbitrations Brought by a State or Federal Government Agency Relating to Payments from Government Entities (Both Federal and State) for Healthcare and/or Prescription Drug Services.

Name of Organization: _____

Printed Name of CEO: _____

Signature: _____ Date: _____

PACE Program Agreement Number: H#_____

NOTE:

• This attestation form must be signed by any PACE organization that intends to contract with CMS starting on January 1, 2006.